



SWEETENER USERS **ASSOCIATION**

1100 New Jersey Ave., SE
Suite 910
Washington, DC 20003
Phone: (202) 842-2345

September 19, 2022

The Honorable Jason Hafemeister
Acting Deputy Under Secretary
Trade and Foreign Agricultural Affairs
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Dear Mr. Deputy Under Secretary:

Members of the Sweetener Users Association (SUA) would like to thank you and your colleagues at the Department of Agriculture and the Office of the U.S. Trade Representative for the steps you have taken this year to make additional supplies of raw sugar available to the U.S. market. Most recently, USDA extended the period for entry of 2021/22 raw sugar under the WTO tariff rate quota (TRQ) until December 31. We appreciate these efforts.

At the same time, unfortunately these measures have not proven sufficient to achieve a normal level of supply availability. According to the main sugar market reporter, Sosland Publishing, as of earlier this month, “beet processors remained out of the spot market and out of the 2022-23 market.” In other words, these sellers are not offering new sales of sugar at any price. Sosland also observed that “spot sugar supplies will not be ample even as the new [fiscal] year starts with early-processed beet sugar committed and some processors using the supply to fulfill 2021-22 contracts that were pushed into 2022-23.”

Each month, USDA’s *World Agricultural Supply and Demand Estimates* increase the 2021/22 estimate for high-tier sugar imports, which are flowing into coastal refineries because domestic raw cane sugar availability is so limited. It is manifest that domestic supplies remain inadequate.

To make matters worse, Reuters reported September 13 that “The Sugar Regulatory Administration [of the Philippines] (SRA), which is chaired by President Ferdinand Marcos Jr, said the 2022/23 output will be allocated entirely for the domestic market. That means the Philippines will not participate in an annual U.S. sugar quota allocation that usually involves a fraction of the domestic output being shipped to the United States.” The Philippines’ quota of 145,235 metric tons, raw value, makes it the third-largest quota-holding country, behind only the Dominican Republic and Brazil.

Because of the Philippines' unambiguous statement that it will not ship against its 2022/23 quota, there is no reason for USTR to delay reallocating that amount to other quota-holding countries. SUA respectfully urges USTR to take that step immediately upon the beginning of the new quota year. SUA also recommends that USTR act quickly to reallocate those small quotas assigned to a group of countries that never fill their quotas because they no longer produce or export sugar. This reallocation occurs every year; it is well-known in advance that it will occur; and proceeding with reassignment now will enhance the availability of raw cane sugar for U.S. refiners at a time when beet sugar is unavailable to the spot marketplace.

Recognizing that reallocation decisions are in the hands of USTR rather than USDA, SUA nevertheless is aware of the close working relationship the agencies have on sugar policy, and respectfully requests your personal intervention to help achieve a reallocation. SUA is, of course, also contacting USTR.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Pasco". The signature is fluid and cursive, with a long horizontal stroke at the end.

Rick Pasco
President